

IN THE CLAIMS:

A¹ 32. (New) A method of processing transactions involving an account reserved for qualified spending, comprising:

automatically receiving transaction data associated with a purchase to be paid from an account reserved for qualified spending;

determining whether the purchase is a qualified transaction for which payment can be made from the account; and

requesting a refund if it is determined that the purchase is not a qualified transaction.

33. (New) The method of claim 32, further including:

sending a request for a receipt associated with the purchase, if the receipt has not been received; and

the step of determining includes verifying whether the purchase is a qualified transaction by auditing the receipt if the receipt is received.

34. (New) The method of claim 32, further including:

requesting for the receipt periodically until the receipt is received.

35. (New) The method of claim 32, further including:

requesting for the refund periodically until the refund is received.

36. (New) The method of claim 32, further including:

allowing a user to connect to a web site for making a refund.

37. (New) The method of claim 36, wherein the allowing includes sending a URL request for a website through which the user can make a refund.

38. (New) The method of claim 32, further including:

receiving an amount of adjustment in an account made due to a manual payment; and

updating an account balance by the amount.

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39. (New) The method of claim 32, further including:

transmitting an amount of adjustment made due to direct payment from the account, wherein an entity processing manual payments receives the amount and updates an account balance by the amount.

40. (New) The method of claim 32, further including:

blocking the account if the receipt is not received within a predetermined amount of time.

41. (New) The method of claim 32, further including:

blocking the account if the refund is not received within a predetermined amount of time.

42. (New) The method of claim 32, wherein the purchase is made by using an electronic card issued to a participant.

43. (New) A program storage device readable by machine, tangibly embodying a program of instructions executable by the machine to perform method steps of processing transactions involving an account reserved for qualified spending, comprising:

automatically receiving transaction data associated with a purchase to be paid from an account reserved for qualified spending;

determining whether the purchase is a qualified transaction for which payment can be made from the account; and

requesting a refund if it is determined that the purchase is not a qualified transaction.

44. (New) The program storage device of claim 43, further including:

sending a request for a receipt associated with the purchase, if the receipt has not been received; and

the step of determining includes verifying whether the purchase is a qualified transaction by auditing the receipt if the receipt is received.

45. (New) The program storage device of claim 43, further including:

transmitting an amount of adjustment made due to direct payment from the account, wherein an entity processing manual payments receives the amount and updates an account balance by the amount.

46. (New) The program storage device of claim 43, further including:

receiving an amount of adjustment in an account made as a result of a manual payment; and

updating an account balance by the amount.

47. (New) A system for processing transactions involving an account reserved for qualified spending, comprising:

a module in response to receiving transaction data associated with a purchase for which a payment is to be made from an account reserved for qualified spending, operable to determine whether the purchase is a qualified purchase, and if it is determined that the purchase is not a qualified purchase, the module being operable to request a refund for the payment made from the account.

48. (New) The system of claim 47, wherein the module is further operable to connect to a website for allowing a user to make a refund.